

CITY OF MILFORD
INDEPENDENT AUDITORS' REPORTS
PRIMARY GOVERNMENT
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

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CITY OF MILFORD
OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
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(Before January 2009)

Virgil Wahlman	Mayor	January 1, 2010
Donald Lamb	Mayor Pro-Tem	January 1, 2010
Michael Anderson	Council Member	January 1, 2010
Keith Feller	Council Member	January 1, 2010
Rick Kilts	Council Member	January 1, 2012
Todd Schillinger	Council Member	January 1, 2012
Bryan Read	City Administrator/Treasurer	Indefinite
David Stein, Sr.	Attorney	Indefinite

(After January 2009)

Virgil Wahlman	Mayor	January 1, 2010
Donald Lamb	Mayor Pro-Tem	January 1, 2010
Michael Anderson	Council Member	January 1, 2010
Keith Feller	Council Member	January 1, 2010
Rick Kilts	Council Member	January 1, 2012
Todd Schillinger	Council Member	January 1, 2012
Bryan Read	City Administrator/Treasurer	Indefinite
David Stein, Sr.	Attorney	Indefinite

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Milford, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of City of Milford's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The financial statements referred to above include only the primary government of the City of Milford, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position - cash basis of the reporting entity of the City of Milford as of June 30, 2009, and the changes in its financial position - cash basis for the year then ended in conformity with the basis of accounting described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the City of Milford as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009 on our consideration of The City of Milford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Budgetary comparison information on pages 17 through 19 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The City has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insight on that information that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City's primary government. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements of the City's primary government for the eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Winthru, Stave & Co., LLP

October 16, 2009

BASIC FINANCIAL STATEMENTS

CITY OF MILFORD
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

		Program Receipts		
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	\$1,280,653	\$ 28,419	\$109,303	
Public works	338,493	4,006	205,267	
Health and social services	1,000			
Culture and recreation	464,420	2,583	37,463	
Community and economic development	29,458	30,718		
General government	303,251			
Debt service	107,879			
Capital projects	<u>538,593</u>			
Total governmental activities	<u>3,063,747</u>	<u>65,726</u>	<u>352,033</u>	
Business-type activities:				
Solid waste	244,917	246,542		
Sewer	<u>95,995</u>	<u>108,127</u>		
Total business-type activities	<u>340,912</u>	<u>354,669</u>		
TOTAL	<u>\$3,404,659</u>	<u>\$420,395</u>	<u>\$352,033</u>	

GENERAL RECEIPTS:

Property and other city taxes levied for:	
General purposes	
Debt service	
Local option sales tax	
Unrestricted interest on investments .	
Bond proceeds	
Miscellaneous	
Transfers	
Total general receipts and transfers	

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

CASH BASIS NET ASSETS

Restricted:	
TIF supported projects	
Debt service	
Streets	
Other purposes	
Unrestricted	

TOTAL CASH BASIS NET ASSETS

See Notes to Financial Statements

Exhibit A

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
\$(1,142,931)		\$(1,142,931)
(129,220)		(129,220)
(1,000)		(1,000)
(424,374)		(424,374)
1,260		1,260
(303,251)		(303,251)
(107,879)		(107,879)
(538,593)		(538,593)
<u>(2,645,988)</u>		<u>(2,645,988)</u>
	\$ 1,625	1,625
	<u>12,132</u>	<u>12,132</u>
	<u>13,757</u>	<u>13,757</u>
<u>(2,645,988)</u>	<u>13,757</u>	<u>(2,632,231)</u>
994,928		994,928
248,960		248,960
403,048		403,048
14,477	183	14,660
2,630,000		2,630,000
46,747	3,364	50,111
(3,848)	<u>3,848</u>	
<u>4,334,312</u>	<u>7,395</u>	<u>4,341,707</u>
1,688,324	21,152	1,709,476
<u>2,057,663</u>	<u>29,469</u>	<u>2,087,132</u>
<u>\$ 3,745,987</u>	<u>\$50,621</u>	<u>\$ 3,796,608</u>
\$ 429,702		\$ 429,702
247,766		247,766
(19,325)		(19,325)
1,793,059		1,793,059
<u>1,294,785</u>	<u>\$50,621</u>	<u>1,345,406</u>
<u>\$ 3,745,987</u>	<u>\$50,621</u>	<u>\$ 3,796,608</u>

See Notes to Financial Statements

CITY OF MILFORD
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

		Special Revenue	
		TIF	
	General	Supported Projects	Road Use
RECEIPTS:			
Property tax	\$ 852,995		
Other city tax	343,048		
Licenses and permits	34,684		
Use of money and property	19,850	\$ 5,414	
Intergovernmental	133,653		\$205,267
Charges for service	5,114		
Miscellaneous	73,786		
TOTAL RECEIPTS	<u>1,463,130</u>	<u>5,414</u>	<u>205,267</u>
DISBURSEMENTS:			
Operating:			
Public safety	1,280,653		
Public works	74,316		264,177
Health and social services	1,000		
Culture and recreation	464,420		
Community and economic development	29,458		
General government	303,251		
Debt service			
Capital projects	313,504	220,889	
TOTAL DISBURSEMENTS	<u>2,466,602</u>	<u>220,889</u>	<u>264,177</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,003,472)</u>	<u>(215,475)</u>	<u>(58,910)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds			
Operating transfers in	1,067,394		15,855
Operating transfers out	(13,067)	(97,250)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,054,327</u>	<u>(97,250)</u>	<u>15,855</u>
NET CHANGE IN CASH BALANCES	50,855	(312,725)	(43,055)
CASH BALANCES BEGINNING OF YEAR	<u>1,243,930</u>	<u>742,427</u>	<u>23,730</u>
CASH BALANCES END OF YEAR	<u>\$1,294,785</u>	<u>\$429,702</u>	<u>\$ (19,325)</u>
CASH BASIS FUND BALANCES:			
Reserved for debt service			
Unreserved:			
General fund	\$1,294,785		
Special revenue funds		\$429,702	\$ (19,325)
Capital projects fund			
TOTAL CASH BASIS FUND BALANCES	<u>\$1,294,785</u>	<u>\$429,702</u>	<u>\$ (19,325)</u>

See Notes to Financial Statements

Exhibit B

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
	\$248,960	\$141,933	\$1,243,888
		60,000	403,048
			34,684
	307	865	26,436
			338,920
			5,114
		43	73,829
<u> </u>	<u>249,267</u>	<u>202,841</u>	<u>2,125,919</u>
			1,280,653
			338,493
			1,000
			464,420
			29,458
			303,251
\$ 8,354	99,525		107,879
<u> </u>	<u> </u>	<u>4,200</u>	<u>538,593</u>
<u>8,354</u>	<u>99,525</u>	<u>4,200</u>	<u>3,063,747</u>
<u>(8,354)</u>	<u>149,742</u>	<u>198,641</u>	<u>(937,828)</u>
2,630,000			2,630,000
	97,250		1,180,499
<u>(934,127)</u>	<u> </u>	<u>(139,903)</u>	<u>(1,184,347)</u>
<u>1,695,873</u>	<u>97,250</u>	<u>(139,903)</u>	<u>2,626,152</u>
1,687,519	246,992	58,738	1,688,324
<u> </u>	<u>774</u>	<u>46,802</u>	<u>2,057,663</u>
<u>\$1,687,519</u>	<u>\$247,766</u>	<u>\$105,540</u>	<u>\$3,745,987</u>
	\$247,766		\$ 247,766
			1,294,785
		\$105,540	515,917
<u>\$1,687,519</u>	<u> </u>	<u> </u>	<u>1,687,519</u>
<u>\$1,687,519</u>	<u>\$247,766</u>	<u>\$105,540</u>	<u>\$3,745,987</u>

See Notes to Financial Statements

CITY OF MILFORD
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Solid Waste</u>	<u>Sewer</u>	<u>Total</u>
OPERATING RECEIPTS:			
Charges for service	\$246,542	\$108,127	\$354,669
Use of money and property	90	93	183
Miscellaneous	<u>3,364</u>		<u>3,364</u>
TOTAL RECEIPTS	<u>249,996</u>	<u>108,220</u>	<u>358,216</u>
OPERATING DISBURSEMENTS:			
Business type activities	<u>244,917</u>	<u>95,995</u>	<u>340,912</u>
TOTAL OPERATING DISBURSEMENTS	<u>244,917</u>	<u>95,995</u>	<u>340,912</u>
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	5,079	12,225	17,304
OPERATING TRANSFERS IN	<u>2,455</u>	<u>1,393</u>	<u>3,848</u>
NET CHANGE IN CASH BALANCES	7,534	13,618	21,152
CASH BALANCES BEGINNING OF YEAR	<u>16,253</u>	<u>13,216</u>	<u>29,469</u>
CASH BALANCES END OF YEAR	<u>\$ 23,787</u>	<u>\$ 26,834</u>	<u>\$ 50,621</u>
CASH BASIS FUND BALANCES:			
Unreserved	<u>\$ 23,787</u>	<u>\$ 26,834</u>	<u>\$ 50,621</u>
TOTAL CASH BASIS FUND BALANCES	<u>\$ 23,787</u>	<u>\$ 26,834</u>	<u>\$ 50,621</u>

CITY OF MILFORD
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCE
 FIDUCIARY FUND
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Agency Fund
RECEIPTS:	
Interest	\$ 46
TOTAL RECEIPTS	<u>46</u>
DISBURSEMENTS:	
Deductions	<u>1,415</u>
TOTAL DISBURSEMENTS	<u>1,415</u>
DEFICIENCY OF RECEIPTS UNDER DISBURSEMENTS	(1,369)
CASH BALANCE BEGINNING OF YEAR	<u>7,643</u>
CASH BALANCE END OF YEAR	<u>\$6,274</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Milford, Iowa is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1892 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and City Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides solid waste and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. These financial statements present the primary government of the City of Milford but do not include any component units for which it is financially accountable.

The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Milford Municipal Utilities is considered a component unit of the City of Milford. The financial statements of this component unit are audited by other auditors and are presented on the accrual basis of accounting. Complete financial statements of Milford Municipal Utilities can be obtained from their administrative offices. Therefore, the City has elected not to include Milford Municipal Utilities in these financial statements.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Dickinson County Assessor's Conference Board, Upper Des Moines Opportunity Board, Dickinson County Emergency Management Commission, Dickinson County Water Quality Commission, Dickinson County Joint E911 Service Board, and Dickinson County Sanitary Landfill Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the primary government of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets results when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and a fiduciary fund. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The TIF Supported Projects Fund is used to account for projects financed by tax increment financing.

The Road Use Fund is used to account for road construction and maintenance.

The Capital Projects Fund accounts for bond proceeds to be used for construction of major capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation debt.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Additionally, the City reports the following major proprietary fund:

The Solid Waste Fund accounts for the operation and maintenance of the City's solid waste utility.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Milford maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

The City has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public works and debt service functions.

2. CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

2. CASH AND POOLED INVESTMENTS - Continued

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

3. BOND PAYABLE

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 100,000	\$ 102,961	\$ 202,961
2011	100,000	100,461	200,461
2012	100,000	97,961	197,961
2013	100,000	95,462	195,462
2014	105,000	92,461	197,461
2015-2019	575,000	408,706	983,706
2020-2024	695,000	298,275	993,275
2025-2029	<u>855,000</u>	<u>155,863</u>	<u>1,010,863</u>
Totals	<u>\$2,630,000</u>	<u>\$1,352,150</u>	<u>\$3,982,150</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

4. PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, IA 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$46,164, \$42,258, and \$42,245, respectively, equal to the required contributions for each year.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

5. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, sick leave and compensatory time payments payable to employees at June 30, 2009, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 49,100
Sick leave	23,000
Compensatory time	<u>8,300</u>
Total	<u>\$80,400</u>

The liability for compensated absences has been computed based on rates of pay in effect at June 30, 2009.

6. INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Amount</u>
General	<u>\$ 934,127</u>	Capital Projects: Fire Station	<u>\$ 934,127</u>
Special Revenue: Road Use	<u>13,067</u>	General	<u>13,067</u>
General	133,267		
Proprietary: Solid Waste	2,455		
Proprietary: Sewer	1,393		
Special Revenue: Road Use	<u>2,788</u>	Special Revenue: Employee Benefits	<u>139,903</u>
	<u>139,903</u>		
Special Revenue: Debt Service	<u>97,250</u>	Special Revenue: TIF Supported	<u>97,250</u>
Total	<u>\$1,184,347</u>	Total	<u>\$1,184,347</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

7. RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$9,822 during the year ended June 30, 2009.

8. LOCAL GOVERNMENT RISK POOL

The City of Milford is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City of Milford's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2009 were \$61,769.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

CITY OF MILFORD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

8. LOCAL GOVERNMENT RISK POOL - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of the membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City of Milford also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. LITIGATION

The City is party to routine legal proceedings and litigation arising in the normal course of governmental operations. These legal proceedings are not expected to have a material adverse impact on the City's financial condition.

10. CONSTRUCTION CONTRACTS

The City has entered into construction contracts totaling \$3,714,706. As of June 30, 2009, costs of \$653,108 have been incurred on the projects. The remaining \$3,061,598 will be paid as work on the projects progresses. The City intends to pay for these projects from the proceeds of general obligation bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MILFORD
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Total</u>
RECEIPTS:			
Property tax	\$1,243,888		\$1,243,888
Tax increment financing			
Other city tax	403,048		403,048
Licenses and permits	34,684		34,684
Use of money and property	26,436	\$ 183	26,619
Intergovernmental	338,920		338,920
Charges for service	5,114	354,669	359,783
Miscellaneous	<u>73,829</u>	<u>3,364</u>	<u>77,193</u>
TOTAL RECEIPTS	<u>2,125,919</u>	<u>358,216</u>	<u>2,484,135</u>
DISBURSEMENTS:			
Public safety	1,280,653		1,280,653
Public works	338,493		338,493
Health and social services	1,000		1,000
Culture and recreation	464,420		464,420
Community and economic development	29,458		29,458
General government	303,251		303,251
Debt service	107,879		107,879
Capital projects	538,593		538,593
Business type activities		<u>340,912</u>	<u>340,912</u>
TOTAL DISBURSEMENTS	<u>3,063,747</u>	<u>340,912</u>	<u>3,404,659</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(937,828)	17,304	(920,524)
OTHER FINANCING SOURCES, NET	<u>2,626,152</u>	<u>3,848</u>	<u>2,630,000</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	1,688,324	21,152	1,709,476
BALANCES BEGINNING OF YEAR	<u>2,057,663</u>	<u>29,469</u>	<u>2,087,132</u>
BALANCES END OF YEAR	<u>\$3,745,987</u>	<u>\$ 50,621</u>	<u>\$3,796,608</u>

<u>Budgeted Amounts</u>		Final to Total
<u>Original</u>	<u>Final</u>	Variance Positive (Negative)
\$ 974,961	\$ 974,961	\$ 268,927
138,540	138,540	(138,540)
351,866	351,866	51,182
26,150	26,150	8,534
25,250	25,250	1,369
326,078	326,078	12,842
355,400	355,400	4,383
<u>38,500</u>	<u>38,500</u>	<u>38,693</u>
<u>2,236,745</u>	<u>2,236,745</u>	<u>247,390</u>
557,237	1,307,237	26,584
281,011	300,973	(37,520)
7,000	7,000	6,000
433,625	472,140	7,720
264,916	264,916	235,458
334,821	334,821	31,570
		(107,879)
765,000	765,000	226,407
<u>362,022</u>	<u>362,022</u>	<u>21,110</u>
<u>3,005,632</u>	<u>3,814,109</u>	<u>409,450</u>
(768,887)	(1,577,364)	656,840
<u>510,000</u>	<u>1,245,152</u>	<u>1,384,848</u>
(258,887)	(332,212)	<u>\$2,041,688</u>
<u>1,746,416</u>	<u>1,746,416</u>	
<u>\$1,487,529</u>	<u>\$1,414,204</u>	

CITY OF MILFORD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
JUNE 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except fiduciary funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$808,477. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the public works and debt service functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MILFORD
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH BALANCES - NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR YEAR ENDED JUNE 30, 2009

	<u>Special Revenue</u>			
	<u>Local Option Sales Tax</u>	<u>Employee Benefits</u>	<u>Property Forfeiture</u>	<u>Total</u>
RECEIPTS:				
Property tax		\$141,933		\$141,933
Other city tax	\$ 60,000			60,000
Use of money and property	865			865
Miscellaneous			\$ 43	43
TOTAL RECEIPTS	<u>60,865</u>	<u>141,933</u>	<u>43</u>	<u>202,841</u>
DISBURSEMENTS:				
Capital Projects	<u>4,200</u>			<u>4,200</u>
TOTAL DISBURSEMENTS	<u>4,200</u>			<u>4,200</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	56,665	141,933	43	198,641
OTHER FINANCING USES:				
Operating transfers out		<u>(139,903)</u>		<u>(139,903)</u>
NET CHANGE IN CASH BALANCES	56,665	2,030	43	58,738
CASH BALANCES BEGINNING OF YEAR	<u>44,935</u>	<u>838</u>	<u>1,029</u>	<u>46,802</u>
CASH BALANCES END OF YEAR	<u>\$101,600</u>	<u>\$ 2,868</u>	<u>\$1,072</u>	<u>\$105,540</u>
CASH BASIS FUND BALANCES:				
Unreserved:				
Special revenue funds	<u>\$101,600</u>	<u>\$ 2,868</u>	<u>\$1,072</u>	<u>\$105,540</u>
TOTAL CASH BASIS FUND BALANCES	<u>\$101,600</u>	<u>\$ 2,868</u>	<u>\$1,072</u>	<u>\$105,540</u>

CITY OF MILFORD
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Urban Renewal Tax Increment Financing (TIF) Revenue Bond: 1999 Issue	January 8, 1999	4.75%	\$ 775,000
General Obligation Bond: Fire station construction	June 1, 2009	2.50%-4.75%	\$2,630,000

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
<u>\$95,000</u>	<u> </u>	<u>\$95,000</u>	<u> </u>	<u>\$4,524</u>
<u> </u>	<u>\$2,630,000</u>	<u> </u>	<u>\$2,630,000</u>	<u>\$8,354</u>

CITY OF MILFORD
BOND MATURITIES
JUNE 30, 2009

General Obligation Bond
Fire Station Construction

Year Ending <u>June 30,</u>	<u>Issued June 1, 2009</u>	
	<u>Interest Rates</u>	<u>Amount</u>
2010	2.500	\$ 100,000
2011	2.500	100,000
2012	2.500	100,000
2013	3.000	100,000
2014	3.000	105,000
2015	3.125	105,000
2016	3.250	110,000
2017	4.000	115,000
2018	4.000	120,000
2019	4.000	125,000
2020	4.000	125,000
2022	4.000	275,000
2024	4.150	295,000
2026	4.500	320,000
2029	4.750	<u>535,000</u>
Total		<u>\$2,630,000</u>

CITY OF MILFORD
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST NINE YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
RECEIPTS:				
Property tax	\$1,243,888	\$1,012,195	\$ 854,348	\$ 742,912
Tax increment financing		6,506	439,576	587,556
Other city tax	403,048	397,976	452,801	375,046
Licenses and permits	34,684	40,039	35,620	54,283
Use of money and property	26,436	82,748	122,466	79,898
Intergovernmental	338,920	288,998	297,225	290,803
Charges for service	5,114	4,831	41,218	75,373
Miscellaneous	<u>73,829</u>	<u>77,168</u>	<u>57,989</u>	<u>80,549</u>
 TOTAL REVENUES	 <u>\$2,125,919</u>	 <u>\$1,910,461</u>	 <u>\$2,301,243</u>	 <u>\$2,286,420</u>
 DISBURSEMENTS:				
Operating:				
Public safety	\$1,280,653	\$ 451,851	\$ 439,550	\$ 354,577
Public works	338,493	265,510	405,658	407,159
Health and social services	1,000	1,000	2,000	2,100
Culture and recreation	464,420	360,011	315,669	286,487
Community and economic development	29,458	29,218	38,422	71,418
General government	303,251	285,685	296,173	317,285
Debt service	107,879	98,788	134,562	159,643
Capital projects	<u>538,593</u>	<u>524,647</u>	<u>730,810</u>	<u>45,126</u>
 TOTAL EXPENDITURES	 <u>\$3,063,747</u>	 <u>\$2,016,710</u>	 <u>\$2,362,844</u>	 <u>\$1,643,795</u>

Schedule 4

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 678,423	\$ 688,860	\$ 660,441	\$ 603,928	\$ 563,175
513,594	467,036	590,144	377,004	304,005
381,954	336,188	344,448	301,807	296,499
23,379	40,417	29,082	14,781	19,769
34,081	20,278	27,523	55,245	75,063
308,921	309,545	315,028	327,287	298,194
16,355	74,897	37,246	338,621	34,597
<u>191,023</u>	<u>36,479</u>	<u>56,459</u>	<u>36,856</u>	<u>26,715</u>
<u>\$2,147,730</u>	<u>\$1,973,700</u>	<u>\$2,060,371</u>	<u>\$2,055,529</u>	<u>\$1,618,017</u>

\$ 439,934	\$ 570,181	\$ 343,782		
327,265	373,108	216,472		
3,511	1,000	12,736		
233,151	247,327	221,370		
62,476	75,296	39,188		
271,992	289,622	215,694		
271,401	217,665	225,759		
<u>122,584</u>	<u>117,238</u>	<u>1,024,254</u>		
<u>\$1,732,314</u>	<u>\$1,891,437</u>	<u>\$2,299,255</u>	*	*

* Information not available.

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the primary government of the City of Milford, Iowa as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents, and have issued our report thereon dated October 16, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Milford's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Milford's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Milford's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and one deficiency we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects City of Milford's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Milford's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in

internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the primary government of the City of Milford are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the primary government of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Milford's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit City of Milford's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Milford and other parties to whom the City of Milford may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Milford during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Kintha, Stave & Co., LLP

CITY OF MILFORD
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - One important aspect of internal control over financial reporting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted employees were performing incompatible functions.

Recommendation - We realize that it is difficult to appropriately segregate duties when the number of employees is limited. Therefore, we recommend the Council maintain its diligence in the review of the financial records.

Response - We will continue our review.

Conclusion - Response accepted.

I-B-09 Financial Institution Accounts Not Reflected in City Financial Records - During our audit, we noted one financial institution account from which expenditures are made without approval by the City Council. Also the City did not receive the bank statements or any other type of financial reporting for this account and did not include the activity or balances of the account in its monthly financial reports. The balance and activity in the account are reflected as an agency fund on page 9.

Recommendation - We recommend the City Council approve all expenditures from this account. Statements for the account should be delivered to City offices and activity and balances in the account should be reflected in City financial records.

Response - The balance in the account is expected to be used during fiscal 2010 or transferred to other City accounts.

Conclusion - Response acknowledged.

CITY OF MILFORD
SCHEDULE OF FINDINGS - Continued
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements - Continued

I-C-09 Reporting Financial Data - Reporting financial data reliably on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. As is a common situation in small entities, management presently is not able to entirely fulfill these responsibilities.

Recommendation - Obtaining additional knowledge through reading relevant accounting literature and attending local professional education courses would improve management's ability to prepare and take complete responsibility for reliable cash basis financial statements.

Response - Management will consider steps which could be taken to improve the ability to prepare and take complete responsibility for reliable cash basis financial statements.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF MILFORD
SCHEDULE OF FINDINGS - Continued
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting

- II-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the public works and debt service functions. Additionally, disbursements exceeded the amount budgeted in public safety before the budget was amended. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

- II-B-09 Questionable Disbursements - We noted no expenditures for parties, banquets, or other entertainment for employees that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- II-C-09 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

- II-D-09 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Virgil Wahlman, Mayor, Owner of Marvil, Inc.	Developer agreement payment	\$9,822

This transaction does not appear to represent a conflict of interest as defined by Chapter 362.5 of the Code of Iowa as there was a signed developer rebate agreement related to this expenditure.

- II-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

- II-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF MILFORD
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting - Continued

II-G-09 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-H-09 Financial Condition - The Road Use Fund had a deficit balance at June 30, 2009 of \$19,325.

Recommendation - The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial condition.

Response - The deficit will be eliminated with a transfer from the General Fund.

Conclusion - Response accepted.

II-I-09 Interfund Transfers - We noted a transfer from the Capital Projects Fund to the General Fund that exceeded the amount approved by \$100,000.

Recommendation - The City should only make transfers for the amounts and purposes approved by the City Council.

Response - The excess transfer was due to a clerical error. We will take steps to ensure that future transfers are properly executed.

Conclusion - Response accepted.